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SUBJECT: UK ENERGY MINISTER PROMOTES SOUTHERN CORRIDOR IN  
AZERBAIJAN VISIT

Classified By: Ambassador Anne E. Derse, Reasons 1.4 (b,d)

11. (C) SUMMARY: During a September 20 visit to Azerbaijan, UK Energy Minister Malcolm Wicks sought to express UK support for the Southern Corridor, and to urge Azerbaijan to reach out to the EU in order to strengthen cooperation on energy security. Speaking of the UK's regional energy policy, a UK Embassy interlocutor in Baku said that British emphasis would be on urging the EU to "get its act together" concerning creating and implementing a Caspian energy policy that focused on the Southern Corridor. END SUMMARY.

12. (C) On September 25, EnergyOff received a readout from his UK Embassy counterpart on the September 21 visit to Azerbaijan of UK Energy Minister Malcolm Wicks. Wicks had separate meetings with President Aliyev, SOCAR President Rovnaq Aliyev, Economic Development Minister Heydar Babayev, Foreign Minister Elmar Mammadyarov and Energy Minister Natiq Aliyev, in addition to a meeting with BP Azerbaijan President Bill Schrader. UK EnergyOff said that the only reason they sought a meeting with Energy Minister Aliyev was because he was Wicks' counterpart, the implication being that Aliyev was not a player in Azerbaijan's energy policy.

13. (C) A common theme in Wicks' meeting was Azerbaijani Government officials' continuing anger with Turkey for the lack of consultation prior to the July 26 signing of the Intergovernmental Agreement for the Turkey-Greece-Italy Pipeline (a theme we also heard during recent energy-related meetings with senior GOJA officials). All Azerbaijani officials expressed variations on the theme that these three countries, but especially their 'Turkic brothers,' should have included Azerbaijan in a process involving the sales of their gas. Azerbaijani interlocutors were also piqued at the 'netback formula' that Turkey was seeking to foist on Azerbaijan for transiting gas, as they felt it sought to extract excessive profits from Azerbaijan. UK Embassy EnergyOff noted that the UK would seek 'informal feedback' from the EU as to the legality of the July 26 agreement in terms of EU anti-competition regulations.

14. (C) Azerbaijan UK EnergyOff said the thrust of the UK's regional energy policy, given its limited influence, was to focus on moving the EU towards implementing the Southern Corridor strategy. To this end, Minister Wicks sought to urge his GOAJ interlocutors to in turn urge the EU to 'get its act together' in this regard. However, whereas the EC can be relatively effective in pushing forward an energy agenda, there is the sense among those forming regional UK energy policy that it is quite difficult to influence the individual European states like France and Germany, each of whom pursue an independent energy policy.

